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BOSTON REDEVELOPMENT AUTHORITY

**NEIGHBORHOOD HOUSING FUND
STATUS REPORT**

September 30, 1992

EXECUTIVE SUMMARY

As a result of the inclusion in federal legislation for community development and affordable housing, the DHA was asked to provide direct grants, bridge loans, and technical assistance to foster community-based, nonprofit development entities and to other neighborhood-based development entities.

The DHA has been able to meet the needs of these organizations by providing funding from a variety of sources, such as voluntary contributions from developers, assistance from DHA grants and loans, and settlement of law suits.

On May 21, 1967 the Board approved the establishment of a policy for the allocation of these funds. The Neighborhood Housing Fund was created for the purpose of facilitating the production of affordable, community-based, non-profit organizations. The Fund was designated as the recipient of voluntary contributions made to the DHA for the purpose of providing neighborhood housing, and of such other funds as the DHA may receive or allocate at its discretion.

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EXECUTIVE SUMMARY

As a result of the reduction in federal assistance for community development and affordable housing, the BRA was asked to provide small grants, bridge loans, and technical assistance to Boston's community-based, non-profit development entities and to other neighborhood based development entities.

The BRA has been able to meet the needs of these organizations by providing funding from a variety of sources, such as voluntary contributions from developers, proceeds from BRA grants and loans, and settlement of law suits.

On May 21, 1987 the Board approved the establishment of a policy for the allocation of these funds. The Neighborhood Housing Fund was created for the purpose of facilitating the production of affordable housing by community-based, non-profit organizations. The Fund was designated as the recipient of voluntary contributions made to the BRA for the purpose of promoting neighborhood housing, and of such other funds as the BRA may receive or allocate for this purpose.

The activities eligible for funding are the same as those eligible for funding by the Neighborhood Housing Trust and under the Housing Creation Regulations adopted by the BRA on April 17, 1987 pursuant to Article 26 of the Boston Zoning Code.

As of September 30, 1992, the Neighborhood Housing Fund has total commitments from developers of \$4.5 million of which 52% or \$2.4 million has been received. Over 1,800 units of affordable housing will be created by the fund recipients.

**RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY REGARDING
THE ESTABLISHMENT OF A NEIGHBORHOOD HOUSING FUND FOR THE
PURPOSE OF FACILITATING THE PRODUCTION OF AFFORDABLE HOUSING BY
COMMUNITY-BASED, NON-PROFIT ORGANIZATIONS AND OTHER
NEIGHBORHOOD BASED DEVELOPMENT ENTITIES.**

Whereas the federal government has withdrawn its financial support of programs for the production and maintenance of affordable housing;

Whereas the City of Boston has been and is continuing to experience a crisis in the form of a shortage of affordable housing;

Whereas the Boston Redevelopment Authority is occasionally the recipient of funds which can be made available for the purposes of providing loans and grants to producers of affordable housing;

Whereas the Boston Redevelopment Authority wishes to contribute to the efforts being made by many individuals and organizations in the City of Boston to produce and preserve housing affordable to low- and moderate-income households;

NOW, THEREFORE, BE IT HEREBY RESOLVED:

1. That a fund shall be created for the purpose of facilitating the production of affordable housing by community-based, non-profit organizations, and other neighborhood based development entities;
2. That such fund shall be called "The Neighborhood Housing Fund";
3. That the voluntary contributions, grants, loan proceeds, and such other funds as the Authority may allocate from time to time shall be deposited into the Neighborhood Housing Fund;
4. That no disbursement shall be made from the Neighborhood Housing Fund without approval of the Board of the Boston Redevelopment Authority;
5. That a loan committee shall be established for the purpose of making recommendations to the Board regarding loans and grants from the Fund. Said loan committee shall be comprised of five members. Members of the committee shall be as follows:

Paul L. McCann, Executive Assistant to the Director

Gerard Kavanaugh, Chief of Staff

Joseph Noonan, Assistant Director for Administration and Finance

Thomas O'Malley, Assistant Director for Neighborhood Housing and Development

Linda Bourque, Assistant Director for Neighborhood Planning and Zoning;

6. That the purposes of the Neighborhood Housing Fund, in addition to those set forth in paragraph 1, above, and such others as the Authority may adopt from time to time shall be those set forth in the Declaration of Trust passed by the Boston City Council and signed by the Mayor for the purposes of administering Development Impact Project Exactions. Said purposes include the commitment of funds for the benefit of housing low- and moderate-income residents of the city of Boston. The adoption of the purposes set forth in the Trust is intended to facilitate the coordination of the city's efforts to produce and preserve low- and moderate-income housing;
7. That eligibility for loans and grants from the Neighborhood Housing Fund shall be established by meeting the requirements set forth in:
 - a. The Housing Creation Regulations adopted by the Boston Redevelopment Authority on April 17, 1986;
 - b. Such rules and regulations as may be adopted by the Neighborhood Housing Trust, and
 - c. Such other requirements as the Boston Redevelopment Authority may establish from time to time;
8. That the Neighborhood Housing Fund shall be utilized for the following activities.
 - a. Making grants to eligible projects, provided, however that at no time that the total amount of grants outstanding exceed Fifty Percent (50%) of the funds then allocated to the Fund;
 - b. Making of loans to eligible projects provided however that such loans shall require the payment of interest on outstanding balances at: (i) the long-term (10 year) bond rate established by the city of Boston or (ii) the cost of funds to the Boston Redevelopment Authority, whichever is less, and further provided that such loans shall be for the shortest duration possible in order to maximize the availability of funds for other deserving projects; and
 - c. Making of loan guarantees and other forms of collateral agreements for the benefit of eligible projects;

9. That the Assistant Director for Administration and Finance shall be required to submit an audit of the Neighborhood Housing Fund within 120 days of the close of each fiscal year; and
10. That reports on the status of the fund shall be submitted quarterly commencing on the first day of each fiscal year.

Recipient: \$250,000 has been received to date of which the full amount was applied to legal fees associated with the case.

2. Contributor: Greiner Company, developer of Herings on the Garden, has contributed \$331,750 out of a total commitment of \$500,000. The balance owed is \$168,250.

Recipient: Boston Housing Partnership II has received grant receipts of \$550,000 in 12 equal annual installments of \$46,250, for the purpose of developing 863 units of affordable housing under a cost private-public neighborhood housing program.

3. Contributor: Lincoln Parkside Plaza, Limited, developer of 101 Adam Street, made a contribution of \$750,000.

Recipient: A loan of \$750,000 was provided to City of Boston Affordable Housing Partnership for the purpose of developing 111 units of mixed-income housing in Roxbury.

4. Contributor: Japantown Improvement, developer of 37 Clinton House Street, contributed \$225,000 for the benefit of the homeless.

Recipients

- Positive Lifestyles, which oversees the Boston Home Center, a facility that provides food in surplus for homeless adults, was granted \$75,000 to conduct a feasibility study and needs assessment.
- 1734 Washington Street Limited Partnership received a grant in the amount of \$100,000 to support the development of 32 single-room occupancy (SRO) units and a single-bedroom unit.

5. Contributor: Federal Development, developer of 150-152 Federal Street, contributed \$500,000.

CONTRIBUTORS AND RECIPIENTS

1. **Contributor:** Nemetz/Back Bay Restorations, developer of 280 Commonwealth Avenue, was required by court order to contribute \$250,000 in litigation proceeds arising out of the conversion of 121-A property to condominiums.

Recipient: \$250,000 has been received to date of which the full amount was applied to legal fees associated with the case.

2. **Contributor:** Druker Company, developer of Heritage on the Garden, has contributed \$231,250 out of a total commitment of \$555,000. The balance owed is \$323,750.

Recipient: Boston Housing Partnership II was designated grant recipient of \$550,000 in 12 equal annual installments of \$46,250, for the purpose of developing 943 units of affordable housing under a joint private-public neighborhood housing program.

3. **Contributor:** Lincoln Franklin Place, Limited, developer of 101 Arch Street, made a contribution of \$700,000.

Recipient: A loan of \$700,000 was provided to Cass House Associates Limited Partnership for the purpose of developing 111 units of mixed income rental housing in Roxbury.

4. **Contributor:** Jaymont Incorporated, developer of 21 Custom House Street, contributed \$225,000 for the benefit of the homeless.

Recipients:

- Positive Lifestyles, which operates the Boston Night Center, a facility that provides drop-in services for homeless adults, was granted \$25,000 to conduct a feasibility study and needs assessment.
- 1734 Washington Street Limited Partnership received a grant in the amount of \$200,000 to support the development of 32 single-room occupancy (SRO) units and a single-bedroom unit.

5. **Contributor:** Federal Development, developer of 150-160 Federal Street, contributed \$200,000.

Recipients:

- \$140,000 was granted to Winslow Court to develop 24 newly constructed homeownership townhouses in Roxbury.
- The Infill Collaborative received a grant in the amount of \$60,000 to support the development of 84 units of affordable housing located on fourteen parcels of land in Roxbury.

6. **Contributor:** The Beacon Companies, developers of 75 State Street, contributed \$200,000.

Recipients:

- Opportunities Industrialization Centers Housing Development Corporation received a grant in the amount of \$81,000 to support the development of 24 units of housing in Winslow Court.
- Chinese Consolidated Benevolent Association was awarded a grant of \$30,000 to cover legal fees for the Plaintiffs, Bay Village Historic District Commission relating to the acquisition of Parcel R-7 in the South Cove and construction of 20 units of low income housing.
- Boston Aging Concerns/Young and Old United received a loan of \$89,000 to help fund the installation of a passenger elevator at its transitional residence which houses twenty-six single room occupancy and four residential apartments located at 35-36 West Newton Street in the South End.

7. **Contributor:** Franklin/Federal Partners, developers of 101 Federal Street, contributed \$300,000.

Recipients:

- Hi Tech Structures received a grant of \$75,000 which was used to produce 12 units of affordable housing.
- St. James Estates received a grant of \$40,050 to the development of 22 units of affordable ownership housing.
- Inquilinos Boricuas en Accion received a grant of \$60,000 for site clearance for the construction of 20 units of mixed-income housing.
- Boston Aging Concerns/Young and Old United was granted \$124,950 for the construction of a passenger elevator in connection with the rehabilitation of a transitional residence which houses twenty-six single

room occupancy and four residential apartments located at 35-36 West Newton Street in the South End.

8. **Contributor:** Tremont One Associates, developer of Parkside West, contributed \$100,000 out of a commitment of \$175,000 to provide shelter and service to the homeless. \$50,000 remains on deposit.

Recipient: Positive Lifestyles, Incorporated received a \$50,000 grant for capital improvements to its Boston Night Center for homeless adults.

9. **Contributor:** Bedford/Kingston Realty, developer of 99 Summer Street, has contributed \$150,000.

Recipients:

- Charlestown Economic Development Corporation was loaned \$75,000 to develop 34 units of mixed income housing on Parcel C-2A in Charlestown. The loan was repaid, and subsequently, \$75,000 was loaned to Hi-Tech Structures to build 12 units of mixed income home ownership townhouses on Parcel SWCII in Roslindale. The loan has since been converted to a grant.
- St. James Estates received a grant in the amount of \$75,000 in connection with the construction of 22 affordable home ownership units in Roxbury.

10. **Contributor:** Pappas Industrial Parks, Inc., developers of 435 Summer Street, agreed to contribute \$150,000 to a fund for the development of affordable housing in the South Boston neighborhood.

11. **Contributor:** New England Medical Center, developer of 750 Washington Street, contributed \$50,000 to support affordable housing in Chinatown.

Recipients:

- R-3A Associates received a grant of \$25,000 to develop 141 units of affordable housing on Parcel A in Chinatown.
- Asian Community Development Corporation received a grant of \$25,000 to develop 120 units of affordable housing on Parcel B in Chinatown.

12. **Contributor:** Gunwyn/Lewis Wharf Development, developer of Parcel B-3(A) located in the Downtown Waterfront-Faneuil Hall Urban Renewal area, pledged to contribute \$1,500,000 to support affordable housing on Sargent's Wharf.

13. **BRA Loans to the Neighborhood Housing Fund**

The Boston Redevelopment Authority Board authorized the designation of fund balance up to One Million Eight Hundred Ten Thousand Dollars (\$1,810,000) to the Neighborhood Housing Fund. As of November 30, 1990, \$1,561,984 of the total \$1,810,000 had been expended by the Neighborhood Housing Fund.

Subsequently, on July 14, 1993, the Board authorized the de-designation of \$248,016 appropriated for the Neighborhood Housing Fund and ordered the transfer of these funds to the BRA's fund balance and further authorized that repayment of loans to the Neighborhood Housing Fund be used first to reimburse the BRA's fund balance for its \$1,561,984 contribution. This authorization is effective September 30, 1992.

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REPORT ON AGREED-UPON PROCEDURES APPLIED

TO THE ACTIVITY SCHEDULE OF DEVELOPMENT CONTRIBUTIONS FOR

NEIGHBORHOOD HOUSING FUND

FOR THE PERIOD MAY 21, 1987 THROUGH SEPTEMBER 30, 1992

To the Board of Directors
Boston Redevelopment Authority

We have applied certain agreed-upon procedures, summarized below, on the information included in the activity schedule (Attachment II prepared by the Boston Redevelopment Authority's ("Authority") Management) regarding the period May 21, 1987 (inception of program) through September 30, 1992. Our review was solely for the purpose of assisting in the preparation of the report and was not intended to constitute an audit or any other type of assurance. The report is not to be used for any other purpose. Our procedures and findings are as follows:

1. We tested the mathematical accuracy of the schedule and included in the schedule the following:

BOSTON REDEVELOPMENT AUTHORITY

2. We applied controls by participating developers to the schedule and the developers' financial statements supporting the schedule.

3. We applied controls by participating developers to the schedule and the developers' financial statements supporting the schedule.

REPORT ON AGREED-UPON PROCEDURES APPLIED

TO THE ACTIVITY SCHEDULE OF DEVELOPERS CONTRIBUTIONS FOR

NEIGHBORHOOD HOUSING FUND

for the period May 21, 1987 (inception of program) through
September 30, 1992

Our procedures were designed to provide a limited level of assurance that the information in the schedule is accurate. We did not perform an audit or any other type of assurance. The report is not to be used for any other purpose. Our procedures and findings are as follows:

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Boston, Massachusetts
April 9, 1993

(ATTACHMENT 1)

BOSTON REDEVELOPMENT AUTHORITY
ACTIVITY SCHEDULE OF DEVELOPERS CONTRIBUTIONS FOR
NEIGHBORHOOD HOUSING FUND

for the period May 21, 1987 (inception)
through September 30, 1992

Developer	Receipts (1)				Disbursements (1)			Unexpended Amount Held by the Boston Redevelopment Authority on 9/30/92	Amount Due to Housing Fund
	Principal Amounts Pledged	Principal Pledged Amounts Received by Housing Fund	Interest Paid on Loans by Program Recipients	Repayment of Loans Principal by Program Recipients	Grants for Programs	Loans to Program Recipients	Other		
Gunwyn/Lewis Wharf Dev. Corp.	\$1,500,000								\$1,500,000
Nemetz/Back Bay Restorations	250,000	\$ 250,000					\$250,000 (2)		
Lincoln Franklin Place, LTD, .	700,000	700,000				\$ 700,000			
Druker Company	555,000	231,250		\$ 75,000	\$ 231,250			\$ 75,000	323,750
Franklin/Federal Partners	300,000	300,000		43,825	300,000			43,825	
Jaymont Incorporated	225,000	225,000			225,000				
The Beacon Companies	200,000	200,000			111,000	89,000			
Federal Development	200,000	200,000			200,000				
Tremont One Associates	175,000	100,000			50,000			50,000	75,000
Papas Industrial Park, Inc.	150,000								150,000
Bedford/Kingston Reality	150,000	150,000		75,000	150,000	75,000			
New England Medical Center	50,000	50,000			50,000				
Total Developer	4,455,000	2,406,250		193,825	1,317,250	864,000	250,000	168,825	2,048,750
BRA Contribution (4)	<u>1,561,984</u>	<u>1,561,984</u>	<u>\$35,148</u>	<u>187,000</u>	<u>842,922</u>	<u>644,732</u> (5)	<u>3,322</u> (3)	<u>293,156</u>	<u>-</u>
Total	<u>\$6,016,984</u>	<u>\$3,968,234</u>	<u>\$35,148</u>	<u>\$380,825</u>	<u>\$2,160,172</u>	<u>\$1,508,732</u>	<u>\$253,322</u>	<u>\$461,981</u>	<u>\$2,048,750</u>

(1) Receipts and disbursements relating to developers' contributions are recorded in the accounts of the Boston Redevelopment Authority.

Interest income on unexpended amounts is retained by the Boston Redevelopment Authority

(2) Reimbursement of costs to the Boston Redevelopment Authority as set forth in Land Court settlement

(3) Costs incurred by the Boston Redevelopment Authority and not reimbursed in order to present value linkage commitments from developers in 1989

(4) BRA contribution, represents the portion of the Boston Redevelopment Authority's fund balance designated for the Neighborhood Housing Fund as of September 30, 1992.

(5) Includes \$182,175 of loans to the Fountain Hill Housing Development that are considered unrecoverable

